Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

BUSINESS STUDIES **0450/23**

Paper 2 **October/November 2017**

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1 hour 30 minutes

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READ THESE INSTRUCTIONS FIRST

This Insert contains the case study material.
Anything the candidate writes on this Insert will not be marked.

The syllabus is approved for use in England, Wales and Northern Ireland as a Cambridge International Level 1/Level 2 Certificate.

This document consists of **4** printed pages.

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Belle's Babies (BB)

BB is a children's nursery. It is owned by the Belle family as a private limited company. It was started 10 years ago and is managed by Stella Belle who is the nursery manager. BB provides care for babies and children up to school age during the day – 5 days a week. All of BB's customers are parents who work and need their children cared for in the daytime.

The manager is considering also offering an 'after school care' service. With this service, children will be collected from school and then cared for at BB until their parents get them after work.

Stella likes the nursery to operate efficiently. There are also 3 supervisors who are qualified in childcare. They plan the care and activities for the babies and children during the day. There are 15 young inexperienced care workers who have to be told what to do.

The Belle family wants the business to expand. There has been increasing economic growth in the last few years, with many new factories being set up in the city. There is a growing demand from parents to have their children cared for while they go to work. The Government is keen to support nursery start-ups. This means more parents are able to go out to work and this helps businesses recruit employees. Unemployment is low.

Stella is considering the following two options for expansion.

Option 1:
Take over an existing nursery business. It has a reputation for being badly managed. However, Stella thinks that if she invests $5000 into providing better equipment and employs better trained managers then it can be improved. It is located in a low-income part of the city, so she would have to keep prices low.

Option 2:
Buy a building and change it to a nursery. The building would be paid for by further investment by the Belle family. This will take a lot of time to get the building to meet safe standards for children to use it. Stella forecasts the cost of the improvements and new equipment to be $20 000. This building is located in a high-income part of the city and Stella thinks she can increase prices at this nursery.

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Appendix 1

Advert for BB



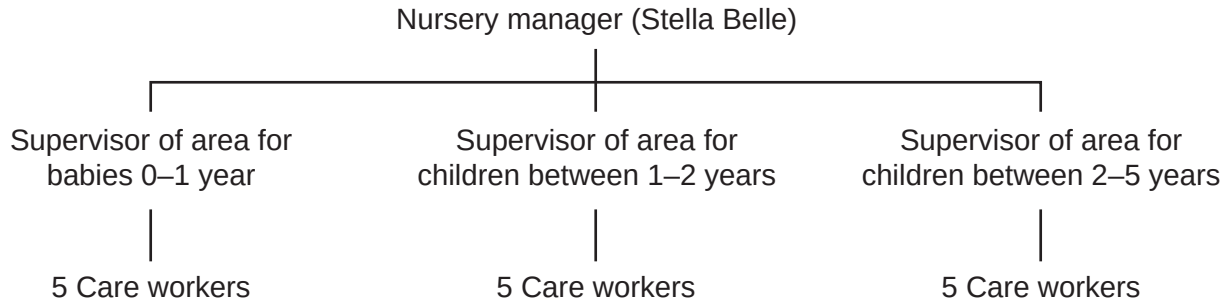




Care for babies from birth – low prices – children well cared for – lots of games played to keep them happy – lots of equipment/toys available – highly recommended by many happy parents

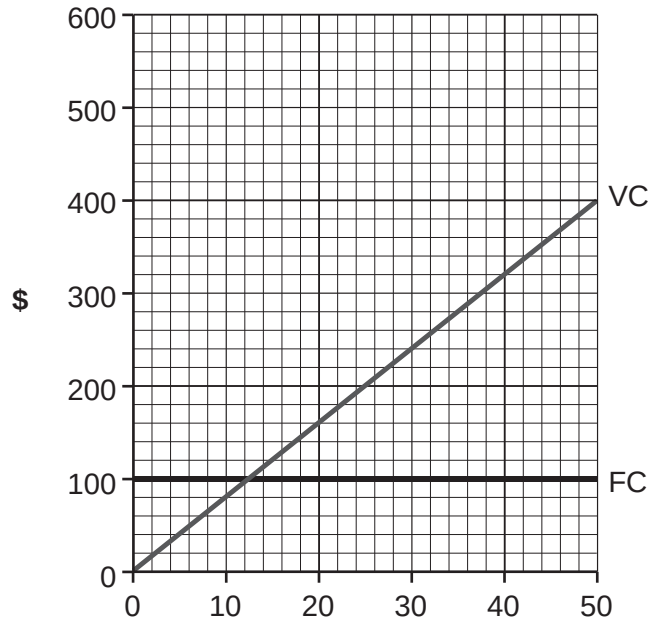
Appendix 2

Organisation chart for BB



Appendix 3

Break-even chart for existing BB nursery each day



Price = $12 per child per day

FC = Fixed cost

VC = Variable cost

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